

PERSPECTIVE

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China's Mega-Projects in Myanmar: What Next?

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EXECUTIVE SUMMARY

- China's investments in Myanmar peaked in fiscal year 2010-2011 and declined sharply in the following two years.
- China has strengthened supervision over ODI and has insisted on more stringent risk assessments. At the same time, its SOEs are under pressure to adapt to Myanmar's new political climate, and have made noticeable changes to their investment behaviour.
- The NLD-led government that came to power in 2016 has agreed with China to introduce a version 2.0 of mega-projects under the China-Myanmar Economic Corridor.
- Partly due to Myanmar's concerns about national security, and partly due to Myanmar's upcoming 2020 general election, China has shown more caution and prudence in implementing its mega-projects.

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INTRODUCTION

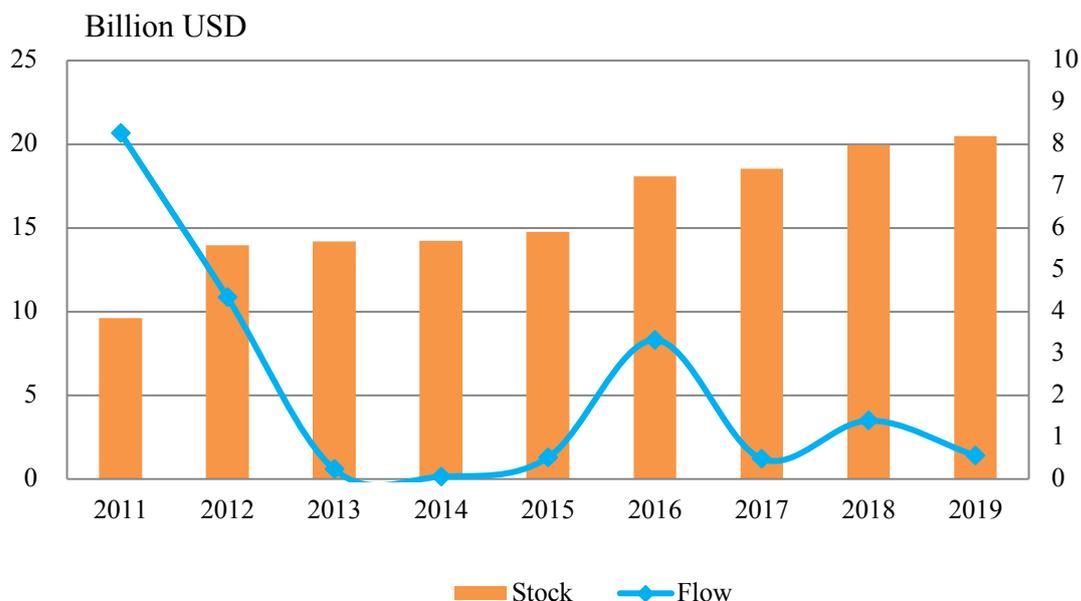
Given Myanmar's geographical proximity to China, and with China embarking on its “going out” policy, Myanmar's importance to China’s geopolitics has risen significantly in recent times. By the end of the military junta-era, China had already become one of Myanmar's most crucial investors. This led to growing concern about the nature of these investments. Since 2011, the top-down transition in Myanmar posed severe concerns for China’s investments in Myanmar. After the NLD-led government took power in 2016, China’s investments has proceeded at a moderate pace.

This paper seeks to address two key questions: What are the motivations behind China's Outbound Direct Investment (ODI) in Myanmar and what are the prospects of China’s mega-projects in Myanmar?

A TURNING POINT

China’s ODI stock in Myanmar peaked in fiscal year 2010-2011 at US\$14.06 billion and accounted for about 70% of Myanmar’s approved foreign investment.¹ The drastic political transition in Myanmar in 2011 marked a turning point for China’s ODI into Myanmar. While Myanmar underwent a profound transformation with the U Thein Sein government granting more freedom for the press and launching all-round reform, Chinese mega-projects in Myanmar experienced setbacks.² Following the suspension of the Myitsone project in 2011, China substantially scaled down its ODI in Myanmar.³

Chart 1: China's ODI Flows and Stocks into Myanmar (2011-2019)



Source: Data from Directorate of Investment and Company Administration (DICA) of Myanmar

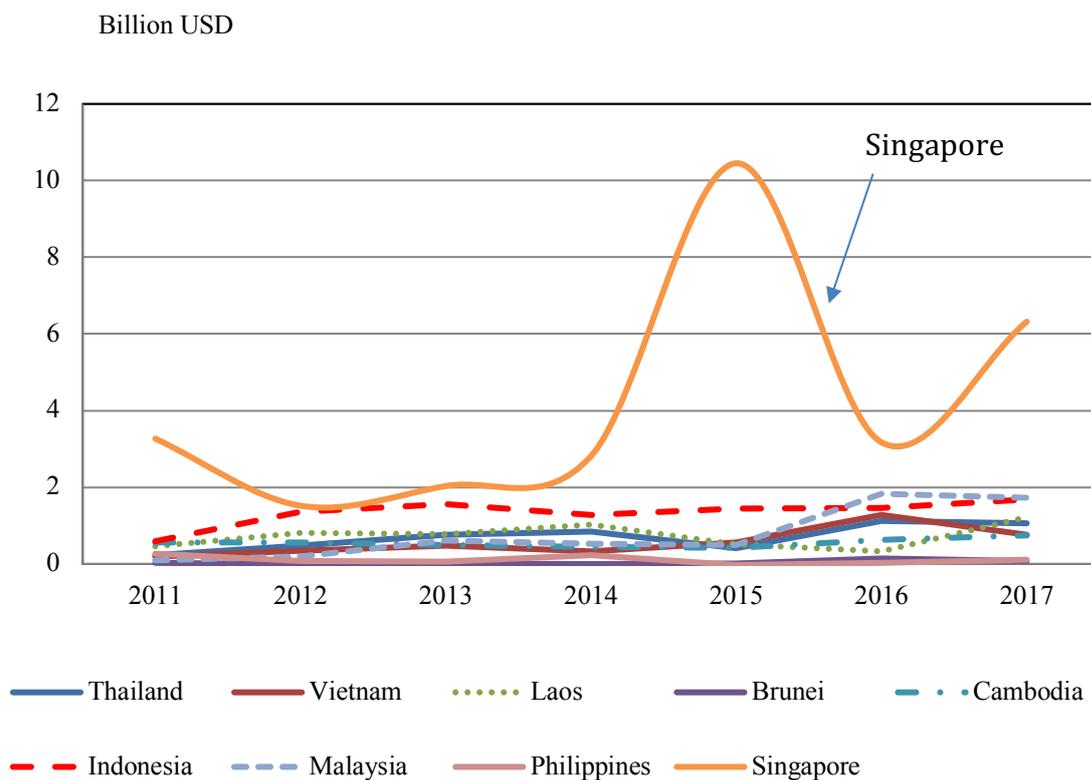
The flow into, and stock of China’s ODI in Myanmar can be illustrated using *Chart 1*. In 2011, Chinese ODI flow into Myanmar reached US\$8.56 billion (denoted by the line), the highest in history. In 2012, this line fell sharply, registering a substantial dip of 52%

compared to the year before.⁴ It continued to drop to US\$230 million in 2013, to maintain a low base for the next two years. In 2015, it improved to reach US\$510 million. Then, in 2016, a marked improvement, showing a shift inconsistent with the previous three years. In 2017, this line dropped again and stayed below US\$2 billion in 2018 and 2019. From 2011 to 2018, therefore, these dramatic fluctuations coincided with Myanmar's political transition. This strongly suggests a correlation between China's ODI and Myanmar domestic politics.

The shifts in China's ODI flows suggests that China altered its investment policy towards Myanmar after 2011. The chart shows that China had perceived grave risks during that period and decided to adjust the investment size in Myanmar and reverse its previous mega-project model.

Myanmar is a distinctive case among ASEAN member-states as shown by the chart below on Chinese ODI flow into other ASEAN countries (see *Chart 2*).

Chart 2: Chinese ODI Flow into Other ASEAN Countries



Source: Data from Chinese Ministry of Commerce's 2017 Statistical Bulletin of China's Outbound Direct Investment

Chart 2 shows China's ODI flows into the other nine ASEAN countries from 2011 to 2017. With the exception of Singapore where there are obvious high points and low points, China's ODI flows into the other ASEAN countries have been relatively stable, with no dramatic fluctuations. By adding up the nine ASEAN member-states and Myanmar's figures, China's total ODI flow into Southeast Asia stood at US\$21.46 billion in 2011. It soared to US\$89.01 billion in 2017.⁵ During this seven-year period, China increased its ODI

to Southeast Asia by more than four times. The ODI stock in each ASEAN country has also increased, though at different levels, showing China's strong long-term economic interest in Southeast Asia.

Therefore, Myanmar's dramatic ODI fluctuations in *Chart 1* does not match most ASEAN countries in *Chart 2* except Singapore. China's ODI flow into Myanmar never regained its peak position in 2011. This indicates that the Chinese government scrutinized its ODI more strictly in 2016 than in 2011, and that it has changed its economic policy toward Myanmar. As China's mega-projects experienced major setbacks, China's ODI flow into Myanmar also declined.

VICISSITUDES OF CHINA'S MEGA-PROJECTS

There are three factors that can explain the presence of China's mega-projects in Myanmar. First, rising labour costs and cost of capital in China are forcing Chinese companies to go global.⁶ Second, China must secure long-term supply of natural resources to meet rising domestic demand. Third, after decades of decentralization, China's state-owned enterprises (SOEs) now enjoy a considerable degree of autonomy, and they are under pressure to achieve their own growth targets, leading to intense competition among them. Thus, China became a major international player in Myanmar's economy, with the presence of several mega-projects, particularly in the oil, natural gas, hydropower and mining sectors. Since investing in these sectors require massive capital and a certain technological capability, most mega-projects are typically conducted by SOEs rather than private companies.⁷

As part of seven cascading dam projects on the upper reaches of the Irrawaddy River, China Power Investment Corporation (CPI) has been promoting the construction of the 6,000 MW Myitsone Dam. In December 2009, CPI and the Myanmar Ministry of Electric Power (1) signed a joint venture agreement and started construction. It was agreed that the Myanmar government would be provided with 15% share and 10% free electricity capacity, with the remaining 90% exported to the Chinese market,⁸ based on the calculation that the Myanmar market could not consume 10% of the electricity produced then. This ratio of 10:90 would be flexibly adjusted should Myanmar require more.⁹ Since 2011, public protests against the Myitsone dam gained impetus. Anti-Myitsone emotions gradually coalesced into an influential movement of environmentalism and nationalism, and the resulting pressure forced many government officials to change their attitudes toward the project.¹⁰ In September 2011, U Thein Sein surprised many observers by announcing the suspension of the Myitsone project.

The Letpadaung copper mine project is located in the south of Sagaing Region in northwestern Myanmar. It is designed to produce 100,000 tons of copper annually with an investment of US\$1.06 billion.¹¹ In March 2012, barely three months after the start of construction, local villagers staged large-scale protests, and the project ground to a halt. In November 2012, the antagonism quickly escalated, and when the Myanmar government dispatched police to clear the site, clashes broke out and nearly a hundred monks were injured. In March 2013, the Commission of Inquiry headed by Aung San Suu Kyi submitted a final report on the project. It recommended continuation of the project after some necessary improvements had been made.¹² In March 2014, the project resumed, but amid

occasional protests. In March 2016, the construction of the mine was completed and the production of cathode copper began.¹³

The Myanmar-China oil and gas pipelines are among the largest infrastructure investments in Myanmar.¹⁴ The 771-kilometer crude oil pipeline is designed to transport 22 million tons of oil yearly from the Middle East and Africa to Kunming in southwestern China via Myanmar. Running parallel to the crude oil pipeline is the 793-kilometer natural gas pipeline which transports 12 billion cubic meters of natural gas per year. The actual investment of the project is as high as US\$4.4 billion with a contract period of 30 years before it has to be handed over to the Myanmar government.¹⁵ The pipelines construction began in June 2010 and were completed about 3 years later.¹⁶ During the construction phase, some Myanmar NGOs released reports that contained accusations of forced migration, environmental damage and human rights violations.¹⁷ However, compared to the Myitsone and the Letpadaung projects, the scope and intensity of criticism were limited.

LESSONS AND ENHANCED SUPERVISION MEASURES

From these setbacks, China learned a number of lessons. First, its mega-projects should secure social consent from local communities. Second, public opinion can generate external pressure on the political establishment, forcing the host government to change its decisions on the projects. Third, China's investment model was flawed and needed correction, and it was imperative that the projects and the supervision regime improved.¹⁸

Throughout 2013, the Chinese government promulgated a series of regulations and guidelines related to ODI. In particular, 2014 witnessed a key change in China's ODI policy. With the promulgation of “The Administrative Measures for the Verification, Approval, and Record-Filing of Overseas Investment Projects” (Order No.9) by China's National Development and Reform Commission (NDRC),¹⁹ and the revised “Administrative Measures for Overseas Investment” by China's Ministry of Commerce (MOFCOM), China's ODI entered a “record filing-based and approval-supplemented” period.²⁰ In 2016, the government launched a campaign to fight “irrational” investment activities.²¹ NDRC issued two important regulations in late 2017. The first was “The Code of Conduct for the Overseas Investment by Private Enterprises” in December 2017,²² while the second was “The Administrative Measures for Overseas Investments by Enterprises” (Order No. 11) in December 2017.²³ In January 2017, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) issued “Measures for the Supervision and Administration of Overseas Investments by Central Enterprises” in order to adopt practices such as negative list, after-completion evaluation and accountability. In August 2017, the State Council issued “The Guiding Opinion on Further Directing and Regulating at the Direction of Overseas Investments”.²⁴ With these, the Chinese government tightened its supervision on SOE investments in Myanmar and other countries.

CHINESE SOEs' ADAPTATIONS

Chinese SOEs are under pressure to adapt to Myanmar's new political climate, and this has resulted in noticeable changes in their investment behaviour. They are reacting to criticism from multiple interest groups on the ground, and are abiding by the more stringent

regulations and standards imposed by the host government.²⁵ In one case study, CNPC in June 2017 issued an updated report on its social responsibility regarding the oil and gas pipelines. It agreed to provide US\$2 million in assistance to the local community annually, and has further raised the localisation ratio of its working crew speedily to 75% from the previous 50%.²⁶ CNPC also established the Kyaukpyu power plants, using natural gas for electricity generation for the locals.²⁷ In an interview, U Sein Win Aung, former adviser to President U Thein Sein, said that the Myanmar side had conducted a survey of CNPC's assistance projects along the pipelines and found that the villagers embraced the project and its aid operations with remarks like “they paved the way for our village. We have a good relationship, very cordial”.²⁸

In another case, the Wanbao company involved in the Letpadaung copper mine project introduced improvement measures in 2013 by reducing the Wanbao company share from 49% to 30%, and Union of Myanmar Economic Holdings from 51% to 19%, and adding an extra Myanmar government 51% share.²⁹ It conducted another round of land compensation, and is committed to spending US\$1 million each year for community assistance.³⁰ As Vicky Bowman (director of the Myanmar Centre for Responsible Business, which offers advice to companies doing business in Myanmar) once commented, (Chinese investors) “understand that the situation is changing and they are starting to change their approaches”.³¹ Myanmar has “passed the peak” of anti-China sentiments, some Chinese companies are now trying to conform...and work closely with communities.³²

Anecdotal evidence suggests that the approach of Chinese enterprises seems to have changed, but the real test will be on whether they practice it consistently and properly. Observers have so far noted feedback from locals complaining about inconsistency in the implementation of assistance projects. Nevertheless, compared to the past, the improvement in the actions of Chinese enterprises is worth noting.

CHINA'S MEGA-PROJECTS VERSION 2.0

China and Myanmar have agreed to introduce a version 2.0 of mega-projects due to warming relations between the two countries since 2016 and to move beyond the earlier difficulties encountered by Chinese enterprises in Myanmar.

On 19 November 2017, in his meeting in Naypyidaw with Myanmar State Councilor Aung San Suu Kyi, Chinese Foreign Minister Wang Yi proposed the construction of the China-Myanmar Economic Corridor (CMEC). On 9 September 2018, the two sides signed an inter-governmental MOU in Beijing to construct the CMEC, a broad vision encompassing 12 key fields such as investment, transport, border economic cooperation zones, and the digital silk road.³³

The Kyaukphyu Special Economic Zone project is a flagship component of the CMEC. In December 2015, the China International Trust Investment Corporation (CITIC) consortium won the bid for two projects: the deep-sea port and the industrial zone with a total amount of US\$7.3 billion.³⁴ In the following three years, the CITIC consortium held more than a dozen rounds of negotiations and nearly 100 informal talks with the Myanmar government.³⁵ In early July 2018, Myanmar's Minister of Planning and Finance U Soe Win said that to “avoid falling into the debt trap, Myanmar seeks to scale down the size of

Kyaukphyu special economic zone".³⁶ On 8 November 2018, the Framework Agreement of Kyaukphyu Special Economic Zone Deep Sea Port Project was signed in Naypyidaw. The scale of the project was reduced to US\$1.3 billion with two berths in the first phase, and with Myanmar's share raised to 30%, of which 15% is held by the Myanmar government that will contribute land in lieu of capital, and another 15% borne by a Government Designated Entity (GDE comprising mostly Myanmar private companies) that will contribute capital per se.³⁷ CITIC is also paying more attention to meeting various requirements rather than rush the project through in haste. On 2 July 2019, preliminary works on Environmental and Social Impact Assessment (ESIA) and geological survey for Kyaukphyu deep-sea port project were launched.³⁸ The Kyaukphyu deep-sea port project requires three more agreements (investment agreements, shareholders agreements and land lease agreements) and an additional concession agreement to be signed. Likewise, the Kyaukphyu industrial zone project is still awaiting the signing of the investment agreement, shareholders agreement and land lease agreement.³⁹

Other projects include the China-Myanmar Railway and Cross-border Economic Cooperation Zones. In October 2018, the Myanmar government and China Railway Eryuan Engineering Group signed the Muse-Mandalay MOU on Railway Feasibility Study. When done, this will connect the key cities of Mandalay, Naypyidaw and Yangon and drive the development of Yangon's New City project.

China seeks to promote the construction of the Cross-border Economic Cooperation Zones between Ruili-Muse, Qingshuihe-Gunlong, and Houqiao-Kampaiti, as well as economic and trade cooperation zones such as Myotha in Mandalay and Myitkyina in Kachin State, among which the Ruili-Muse Cross-border Economic Cooperation Zone is the most promising. The total import and export volume of the zone accounts for more than 60% of Yunnan's trade and 30% of China's trade with Myanmar. China Unicom also delivered the China-Myanmar International (CMI) terrestrial cable system that officially commenced operations in October 2017. It runs from China's Ruili to Myanmar's Ngwe Saung Beach, linking Myanmar to China, and can eventually be extended to Thailand and even Africa with the assistance of other AAE-1 cable systems currently under construction by several international parties.⁴⁰

CONCLUSION

The phase of massive Chinese investment in Myanmar has ended. China is now focused on seeking economic security and risk reduction for its projects there. The 2011 suspension of the Myitsone Dam showed that China's ability to influence the foreign investment climate is limited and that Myanmar does have the means to resist a larger country when it feels overshadowed in its own territory. Myanmar is not a powerless state.⁴¹ Its government actually knows how to manoeuvre between big powers.

Though Chinese and Myanmar officials often talk about the so-called *paukphaw* relationship or "brotherhood" between the two nations, the changing dynamics have driven China to take a more cautious approach in Myanmar. China has adopted a more conservative and low-profile approach, and this helps explain why China has sharply reduced its ODI in Myanmar.

In engaging Myanmar, China has been driven more by economic considerations than by a wish to export its value system or pursue any military or territorial ambitions. For Myanmar, national security is still its paramount concern and therefore it remains skeptical of Chinese investments. To assuage such concerns, Chinese SOEs have begun to change the way they behave by conducting public relations activities, mitigating environmental and social impact, and working together with more international stakeholders. Instead of focusing solely on resource extraction and power sectors, their investments are diversifying to broader sectors, including manufacture, infrastructure, connectivity, and clean energy such as wind power and solar energy.

With Myanmar's 2020 general election approaching, China will certainly pay close attention to the outcome for signs of how it should proceed with future investment projects. Changes in government or shifts in policies may mean additional uncertainty and risk for a China that has become more careful and prudent concerning mega-project decisions.

¹“Infographic: 30 Years of Chinese Investment in Myanmar”, *The Irrawaddy*, 25 January 2019, <https://www.irrawaddy.com/specials/infographic-30-years-chinese-investment-myanmar.html>.

²“Burma ends advance press censorship”, *The Guardian*, 20 August 2012, <https://www.theguardian.com/world/2012/aug/20/burma-ends-advance-press-censorship>.

³“Burmese President Halts Myitsone Dam Project”, *The Irrawaddy*, 30 September 2011, https://www2.irrawaddy.com/article.php?art_id=22172.

⁴ China’s ODI flow into Myanmar dropped from US\$8.29 billion in 2011 to US\$56 million in 2014. By March 2019, Singapore's ODI stock in Myanmar rose to US\$20.84 billion, surpassing China’s US\$20.5 billion, making Singapore the largest investor in Myanmar. See “Yearly Approved Amount of Foreign Investment”, Directorate of Investment and Company Administration, https://www.dica.gov.mm/sites/dica.gov.mm/files/document-files/odicountry_1.pdf.

⁵“2017 Statistical Bulletin of China’s Outward Foreign Direct Investment”, Ministry of Commerce of China, <http://images.mofcom.gov.cn/hzs/201810/20181029160118046.pdf>.

⁶“The End of Cheap China”, *The Economist*, 10 March 2012, <https://www.economist.com/business/2012/03/10/the-end-of-cheap-china>.

⁷ Christopher Dunn et al, “Chinese Investments in Myanmar: A Scoping Study”, 2016, Global Environmental Institute, Investment Trade and the Environment Program Team, http://www.geichina.org/_upload/file/book/Myanmar_Scoping_Study.pdf.

⁸ Zhu Xianghui, Tira Foran and David Fullbrook, “Hydropower Decision-making in Myanmar: Insights from Myitsone Dam”, in *Water Governance Dynamics in the Mekong Region*, Edited by David J. H. Blake and Lisa Robins (Strategic Information and Research Development Centre, Malaysia), 2016, p. 150.

⁹ Interview with CPI representative, Naypyidaw, Myanmar, 26 March, 2019. According to the calculation, the Myanmar government would receive 60.7% of the profit, and China would take 39.3%.

¹⁰“Myanmar and China may have no choice but to scale back and move their troubled dam project” (op-ed by Zhu Xianghui), *South China Morning Post*, 1 May 2019, <https://www.scmp.com/comment/insight-opinion/article/3008279/myanmar-and-china-may-have-no-choice-scale-back-and-move>.

¹¹“State gets US\$20 million in profit in eight months from Letpadaung copper mine”, Mizzima, 15 February 2017, <http://mizzima.com/business-domestic/state-gets-us20-million-profit-eight-months-letpadaung-copper-mine>. As a joint resource extraction mega-project between China and Myanmar, the project was supposed to operate for a period of 30 years.

¹² The report states that although the copper mine project has shortcomings in many aspects such as land acquisition, employment and environmental protection, it can be improved through remediation measures.

¹³“China's growing image problem in Myanmar”, *Nikkei Asian Review*, 3 July 2014, <https://asia.nikkei.com/Economy/China-s-growing-image-problem-in-Myanmar>.

¹⁴“Overview of the Myanmar-China Oil & Gas Pipelines”, China National Petroleum Corporation, <https://www.cnpc.com.cn/en/myanmarcsr/201407/f115a1cc6cdb4700b55def91a0d11d03/files/dec09c5452ec4d2ba36ee33a8efd4314.pdf>. While the crude oil pipeline is invested in by both China and Myanmar, where China owns 50.9% and Myanmar 49.1%, the natural gas pipeline is invested in by four parties—China, South Korea, India and Myanmar—with China owning 50.9% and Myanmar 7.4%.

¹⁵ Interview with CNPC representative, Mandalay, Myanmar, 28 March, 2019. In fact, the pipeline project is expected to generate a revenue of US\$ 1 billion or more annually to the Myanmar government within 30 years, based on the estimation that the Myanmar government will receive a profit of 60.7% (US\$54 billion) and China 39.3%.

¹⁶“Drawing the line”, Shwe Gas Movement, 28 September 2013, <http://www.shwe.org/drawing-the-line/>.

¹⁷“Corridor of Power”, Shwe Gas Movement, 5 March 2013, <http://www.shwe.org/sgm-report/corridor-of-power/>.

¹⁸ At a seminar in Beijing, a Chinese scholar warned that “irrational” ODI from China posed three challenges. Firstly, some SOEs lack awareness of legal compliance and social responsibility in the host countries, which is detrimental to China’s reputation. Secondly, some China’s ODI enterprises have not fulfilled proper record-filing or approval procedures, which will adversely affect the country's balance of payments and exchange rate stability. Thirdly, decision-making mistakes and high level of debt have caused major economic losses in some ODI projects. Discussions with scholars in the Chinese Academy of International Trade and Economic Cooperation, Beijing, China, 11 October 2017.

¹⁹“China: New Rules Relax Government Approvals for Overseas Investment”, Library of Congress of US, 3 July 2014, <https://www.loc.gov/law/foreign-news/article/china-new-rules-relax-government-approvals-for-overseas-investment/>.

²⁰“China: Rules Revised to Facilitate Overseas Investments”, Library of Congress of US, 31 October 2014, <http://www.loc.gov/law/foreign-news/article/china-rules-revised-to-facilitate-overseas-investments/>.

²¹ In that year, top authorities strengthened the authenticity examination on ODI and paid close attention to “irrational” ODI.

²² It obliges private companies to enhance internal management, to observe legal procedures, to fulfill social responsibility, and to protect the environment and optimize overseas risk management.

²³ Order No.11 includes three main policy changes to regulate outbound investment. First, it sets out a regulatory framework that stipulates collaborative supervision and project monitoring. Second, it improves disciplinary measures to maintain a record of violations. Third, projects that do not meet technical and safety standards, as well as those that do not meet the requirements of environmental protection and energy consumption in the host countries are prohibited. “Latest Trends of China Overseas Direct Investment Regulations”, The Swiss Chamber of Commerce, 3 August 2018, <http://www.swisscham.org/shanghai/wp-content/uploads/sites/3/2018/08/Latest-Trends-of-China-Overseas-Direct-Investment-Regulations.pdf>.

²⁴ The guiding opinion clearly restricts investments in real estate, entertainment, sports, as well as projects with backward equipment that do not meet safety standards, environment and energy consumption requirements. “The Guiding Opinion on Further Directing and Regulating the Direction of Overseas Investments” (Guan Yu Jin Yi Bu Yin Dao He Gui Fan Jing Wai Tou Zi Fang Xiang De Zhi Dao Yi Jian), State Council of China, 4 August 2017, http://www.gov.cn/zhengce/content/2017-08/18/content_5218665.htm.

²⁵ SiuSue Mark and Youyi Zhang, "From Impediment to Adaptation: Chinese Investments in Myanmar's New Regulatory Environment", in *Journal of Current Southeast Asian Affairs*, Vol. 36, No. 2, 2017, German Institute of Global and Area Studies, Institute of Asian Studies and Hamburg University Press.

²⁶ Interview with CNPC representative, Yangon, Myanmar, 10 October 2018.

²⁷ "Myanmar-China Oil & Gas Pipeline Project (Myanmar Section) Special Report on Social Responsibility", China Petroleum Corporation, 2016, <https://csr.cnpc.com.cn/csr/xhtml/PageAssets/mdbg2016-en.pdf>. The enterprise donated US\$ 10 million to build local water and power supply facilities in Rakhine State. It helped construct the reservoir on Made Island and installed the pipelines for water supply.

²⁸ Interview with MCFA representative, Yangon, Myanmar, 5 July 2016.

²⁹ "Letpadaung Copper Project to bring in US\$20m", *Myanmar Times*, 15 February 2017, <https://www.mmmtimes.com/national-news/mandalay-upper-myanmar/24953-letpadaung-copper-project-to-bring-in-us-20m.html>.

³⁰ Interview with Wanbao representative, Yangon, Myanmar, 11 May 2017.

³¹ "Director Vicky Bowman gives an interview to Irrawaddy magazine about the work of the Centre", Myanmar Center for Responsible Business, 25 October 2013, <https://www.myanmar-responsiblebusiness.org/news/vicky-bowman-interview-irrawaddy-magazine.html>.

³² "China's growing image problem in Myanmar", *Nikkei Asian Review*, 3 July 2014, <https://asia.nikkei.com/Economy/China-s-growing-image-problem-in-Myanmar>.

³³ On 11 September 2019, NDRC and Myanmar's Ministry of Planning and Finance held the first meeting of CMEC Joint Committee in Beijing to announce the establishment of 12 specific working groups.

³⁴ The project includes a deep-sea port, an industrial zone and good quality housing. The Chinese consortium will operate the project for 50 years before handing it over to the Myanmar government. Originally, CITIC consortium accounted for 85% of the shares, and the Myanmar government 15%. The Myanmar government will contribute land in lieu of the US\$1.1 billion for its 15% share.

³⁵ The Myanmar side proposed conditional and phase-by-phase development, including mitigating the scale and cost in the first phase, shrinking the Myanmar government's capital investment and ridding itself of debt obligations.

³⁶ Also, the Special Economic Advisor to Myanmar's State Councilor, Sean Turnell said: "Each stage has to demonstrate feasibility before the next phase can be rolled out". See "Myanmar scales back China-funded Kyauk Pyu port project in Rakhine state due to debt concerns", *South China Morning Post*, 2 August 2018, <https://www.scmp.com/news/asia/southeast-asia/article/2158015/myanmar-scales-back-china-funded-kyauk-pyu-port-project>.

³⁷ "Observation on Detail of Kyaukphyu Deep-sea Port Project" (Jiao Piao Shen Shui Gang Xiang Mu Xi Jie Guan Cha), *The Golden Phoenix*, 16 November 2018, <https://www.mmgpmedia.com/local/28938-2018-11-16-09-32-14>.

³⁸ The CITIC consortium selected the Canadian Hatch company to monitor the entire ESIA process and the geological survey work. As an internationally managed project, research on this case will further demonstrate the new challenges facing China.

³⁹ Interview with CITIC representative, Yangon, Myanmar, 25 March 2019.

⁴⁰ Chinese enterprises are also helping Myanmar to build a 230 KV backbone power transmission line in Sagaing Region. The project aims to meet the need of 5 million Myanmar households.

⁴¹ Travis Mitchell, "Chinese Foreign Direct Investment in Myanmar: Remarkable Trends and Multilayered Motivations", Lund University, 2012, <https://lup.lub.lu.se/student-papers/search/publication/2756649>.

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